

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

9:30 o'clock, Saturday, May 1st, 1965

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting Petitions  
 Reading and Receiving Petitions  
 Presenting Reports by Standing and Special Committees  
 Notices of Motion  
 Introduction of Bills

HON. DUFF ROBLIN (Premier and Provincial Treasurer) (Wolseley): Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following proposed resolution standing in my name: Resolved that it is expedient to bring in a measure to establish a Manitoba Arts Council and to provide among other things for the making of grants to the Council from and out of the Consolidated Fund.

MADAM SPEAKER presented the motion, and after a voice vote declared the motion carried and the House resolved itself into Committee of the Whole with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. ROBLIN: His Honour the Lieutenant-Governor, having been informed of the subject matter of the proposed resolution, recommends it to the House.

MR. CHAIRMAN: The motion before the committee is as follows: Resolved that it is expedient to bring in a measure to establish a Manitoba Arts Council, and to provide among other matters for the making of grants to the Council from and out of the Consolidated Fund.

MR. ROBLIN: Mr. Chairman, I think members of the committee may recall that over the years we have had discussions about Manitoba Arts Council, and as a matter of fact such a body has been in existence for a number of years. I remember very well that the late Ronald Turner was the president of it for some time, but up to the present it's never had statutory authority. One of the purposes that was envisaged for the Arts Council was that it would perform in Manitoba, relatively to the same function and the same role that the Canada Council performs in the nation, that is that the grants, the cultural grants that this Legislature makes would be made en bloc to such account who in turn would distribute it among the various arts schools that were interested and would be entitled to receive some support. This idea has been canvassed at considerable depth with the people in this field, such as the Theatre Centre, the Ballet, the Symphony and other organizations of a similar nature, and after a good deal of discussion it's been agreed by them that they would be glad to support such an innovation in our system here. The proposal therefore is to establish an Arts Council of some 12 members, whose job it would be to promote, co-ordinate and assist in the development of the associated arts in the Province of Manitoba, and it would be the intention of the government that if such a body is set up that our cultural grant would be made en bloc to this organization, which in turn would have the responsibility of seeing that it was used to the best advantage and with the various organizations concerned. It's a rather simple notion, somewhat similar to the Canada Council as I have said, and I believe it is a move that will meet with the approval of those most nearly interested in this field of endeavour.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): Mr. Chairman, I'd like to ask some questions of the Minister so far as the structure of the Council and how it is proposed they will operate. He has said that there will be 12 members. Will these people be instructed by the government or by the participating bodies who will be working with the Council? Secondly, will they be strictly on a voluntary basis, or will some of them be on part-time or some on full-time, and if so what will their remuneration be? Is it the intention of the government -- the First Minister said that the grants will go in one block to this group. I presume this will mean that all of the grants coming from the government, regardless of what department they come from, provided they deal with arts -- is it to go further than that into cultural activities, and for example some of the other grants which might not be considered art, such as, say, the boy scouts, which normally are given to us in the block of grants under the Minister's estimates -- is this also to go to this group? Where is the line of division between arts and other functions?

MR. ROBLIN: Mr. Chairman, the government will appoint the 12 members of this

(MR. ROBLIN cont'd).....board. The endeavour will be to have them representative both geographically and culturally from various parts of the province. They will not be representatives of various cultural groups at all. Though they may no doubt have close interest in them, they will not be on a representative basis. It will be a general board, something like, one might say, the Board of Governors of the University of Manitoba.

The question of pay does not arise. This board will not be paid. I think there is provision for out-of-pocket expenses, but that is all, and the intention is that they will handle the grants which can generally be described as cultural. Now I appreciate that it is not simple to draw the line between grants the government makes that are for cultural purposes and those that are not. The example mentioned, the boy scouts, will remain outside the ambit of this body's authority, but those that are generally recognized as cultural will come under it, and indeed it will be one of the functions of this Council to make up its own mind as to which, if a newcomer comes along, as to whether it is a cultural body within the terms of their operations or not, and there may of course be instances where they are and instances where they are not. That will have to be worked out as we proceed.

MR. MOLGAT: Mr. Chairman, could the First Minister indicate what the grants that are presently to be covered by this Council would cover? I'm not interested in the particular associations, but the total value. How much money is involved at this stage? He says the grants would not be increased, simply be a block. How much money is involved?

MR. ROBLIN: The amount was stated during my estimates, and if my memory serves it's in the neighborhood of what? - \$130,000 - that went to these cultural bodies. And I dare say this Council will negotiate with the government each year as to what the size of their total grant will be, but I think it runs to about that amount at the present time.

MR. CHAIRMAN: Resolution passed? Committee rise. Call in the Speaker.

#### IN SESSION

MR. CHAIRMAN: Madam Speaker, the Committee has considered a certain resolution, and has instructed me to report the same.

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Madam Speaker, I move, seconded by the Honourable Member for St. Vital, that the report of the committee be received.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. ROBLIN introduced Bill No. 135, an Act to establish the Manitoba Arts Council.

MADAM SPEAKER: Orders of the Day.

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): Madam Speaker, before you proceed with the Orders of the Day, I would like to lay on the table of the House one copy of a Return to an Address for Papers No. 5 in the name of the Honourable Member for St. George. The other eight copies were on my desk, but with the other things I had to carry down this morning I didn't have room for them. The staff will bring them and they'll be distributed during the course of the morning if that's satisfactory.

#### ORDERS OF THE DAY

MADAM SPEAKER: Order for Return standing in the name of the Honourable the Member for St. George.

MR. ELMAN GUTTORMSON (St. George): Madam Speaker, I move, seconded by the Member for St. Boniface, that an Order of the House do issue for a Return showing the following details of the expenditures under Resolution No. 25 of the Estimates of Current Expenditures of the Province of Manitoba for the fiscal year ending March 31, 1966. 1. The names and addresses of all the personnel employed outside the Greater Winnipeg area; 2. Which are full time and which are part time and the annual remuneration paid to each; 3. What other payments are made to each of the above for other expenses such as travelling, secretarial help, rental, etc. 4. The total annual cost of operating each zone office and each emergency area office.

MADAM SPEAKER presented the motion.

HON. MAITLAND STEINKOPF, Q. C. (Provincial Secretary & Minister of Public Utilities) (River Heights): Madam Speaker, we'll accept this order subject to the usual reservation of getting permission from the Emergency Measures Organization - the federal part of this.

MADAM SPEAKER put the question and after a voice vote declared the motion carried.

MADAM SPEAKER: The Honourable Member for St. Boniface.

MR. LAURENT DESJARDINS (St. Boniface): Madam Speaker, I would like to move, seconded by the Honourable Member for Selkirk, that an Order of the House do issue for a Return showing: 1. Maps indicating the proposed boundaries of the Birds Hill Park; 2. Maps showing the land owned by the Manitoba Government at April 1, 1964, within these boundaries; 3. Maps showing the land owned by the municipalities at April 1, 1964, within these boundaries.

MADAM SPEAKER presented the motion.

HON. STERLING LYON, Q. C. (Minister of Mines and Natural Resources) (Fort Garry): Madam Speaker, no such maps exist, but we will undertake to try to have them ready by the end of the session. I don't know if it'll be possible.

MADAM SPEAKER put the question, and after a voice vote, declared the motion carried.

MR. ROBLIN: Madam Speaker, the Honourable Member for Rhineland has informed me that he would like to wait till Monday to proceed on the constitutional resolution. On the assumption that nobody else wishes to speak - we've called it a number of times - I will not call that Order today, but if the Honourable Leader of the Opposition is ready to proceed on the individual rights resolution, I'd be glad if you'd call that.

MADAM SPEAKER: The adjourned debate on the proposed motion of the Honourable the Minister of Mines and Natural Resources. The Honourable the Leader of the Opposition.

MR. MOLGAT: Madam Speaker, I thank the House for having given me some time on this. I wanted to go back and read the debate that was carried on here on Wednesday when I unfortunately had to be away. I was also very interested in going back and reading the debate that was held some three years ago when this was first brought into the House, because it appeared to me that there was a new breath of fresh air coming from my honourable friend the Minister of Mines and Natural Resources, and that possibly the conversion process was in order, because I must say that back in 1962 my honourable friend had some very interesting comments to make. As a matter of fact -- well, if one is to judge it by weight and length, Madam Speaker, I would say it was one of the better speeches made in this House, because we were still at that time operating with the Hansard on somewhat smaller print. I suppose all of us were a little younger in those days and could handle the small print. Since then the printing staff has realized the aging process, and have made it somewhat larger, so those pages in the early days contain a lot more material than the pages today. My honourable friend back on the 3rd of April '62 was able to use up no less than from page 1359 to page 1370 - eleven full, close pages of Hansard - explaining why it was that we should not have a public protector ombudsman in Manitoba, and it was a deep study into, oh the whole background of parliamentary history, a short course; concise, condensed course in law, democracy, and it covered many subjects. But there was no argument as to where the honourable member stood. He was very clear - oh clear in the beginning.

He started off at the very outset, in case any of us would have any illusions in that regard, by telling us that he was much less than enthralled with some of the reasoning which I had adopted in submitting my resolution in favour of the public protector. He just could not understand how anyone could arrive at such a conclusion. Then he proceeded to say that there were umpteen reasons why this should not be done, that this was really the duty of the Opposition; that our job here was to air grievances, represent the people, and bring out all the things that should be brought out, any case of any complaints. I must say he has at times appeared to be somewhat reluctant to accept our grievances when they've come forward since then. He has at times felt that the matters that were brought up to us by citizens and which we, according to his recommendation, brought forward in this House, should have been left outside of this House; couldn't seem to agree with a number of the recommendations we made; but back then he thought that this was the way it should be done, that the members of the Opposition should do so, that we are fortunate to have this right, and that this was the way it should be carried on. And to a certain degree, Madam Speaker, I accept that responsibility, and we have done our best to see to it that this is followed through.

I think it is fair to say, however, that no member of the Opposition is in a position to proceed and go into the details of the numerous cases that are brought before him; that we neither have the staff nor the authority to get the information that very frequently is required. But on the surface I agree with the responsibility and I accept it.

My honourable friend then proceeded to go through in considerable detail the various responsibilities of government departments and the difference between administrative law, other types of law, and spent a number of pages indicating that for the most part in his opinion the law would not be covered by the actions of a public protector ombudsman that the actions

(MR. MOLGAT cont'd), . . . . . that he would be expected to deal with were very very limited in number.

Then he went on again in the middle of his speech to repeat that I should have looked more carefully - page 1363 - he said, "moving on to the second part of this discussion and to show even more the fact that my honourable friend the Leader of the Opposition perhaps should have looked more carefully into this idea before he advanced it, and may I say, advanced it so heartily on behalf of the Liberal Party as one of the great new ideas of that party."

So then he proceeded to tell us the differences between the parliamentary system in Sweden where the office originated, in Denmark where it was later adapted, and in Norway where it was adapted roughly at the same time as in Denmark. The Swedish system he said was very different from our own. There was no basis of responsibility on the part of the Cabinet. In Denmark there was some difference. The Cabinet there did, since 1953 at least, follow the British system of Cabinet responsibility. In Norway, however, he did admit the difference was very small because the Norwegian system is extremely close to ours.

So he gave us more reasons there as to why the office should not be set up according to our parliamentary structures. He said that we have the doctrine of ministerial responsibility; we have the question period; we have enquiries; we have the grievance procedure on going into Supply; we have all these possibilities here and therefore from a parliamentary standpoint there was no need for a public protector.

Then he said that we had the press, and that a free press under our system of government - and when I say a free press I'm speaking in the general term, Madam Speaker - that a free press is vital to our system of democracy, with which I could not agree more, because in large part the activities that go on in here, the grievances that are brought up here, the questions that are brought up here are known to the public only by virtue of what the press says about them.

Every year we ask the same question as to how many people order the Hansard for their home consumption and we find that if we were to rely on the subscriptions taken out by Manitobans that the amount of information emanating from this room would be very small indeed. So there is no doubt about it that a press that is truly free, a press that is informed, a press that is not afraid to proceed and print matters as they see it, is vital to our system, and I think that by and large we have that.

So then my friend said that really you could not compare the operation of a public protector ombudsman in Canada with what was done elsewhere. He ignored at that time that there was really not as great a difference as he seemed to think between the Norwegian system and ours, but on the general this was the approach.

Then he went on to say that, in fact, if you looked at what the ombudsman did in the Scandinavian countries it was exceedingly trivial. He said, and I quote again from Hansard, Page 1367, "I think if one needs any argument to sell him on the lack of a need for an ombudsman in Manitoba" -- the lack of a need -- "one need only to look at the evidence of what the ombudsman is doing in a national government to see the rather narrow area in which his jurisdiction is enforced and, may I say, the rather trivial matters that he is looking after in a national area of jurisdiction." This was his assessment of the operations of the ombudsman in Sweden, in Norway and Denmark.

So next page, carrying on in some detail as to what Dr. Herowitz, who I believe is the Danish Ombudsman, had to say, the Minister, and I am again quoting from him, "Mr. Speaker, I say it's the job of the honourable member to bring it to our attention." He's referring here to any grievances that may occur. He says, "He doesn't need an ombudsman to do his work". Well I agree, Madam Speaker, that for a good deal of my work I don't need an ombudsman, but whether the people of Manitoba who have grievances against government boards, officials and so on need it, is an entirely different question.

Then he repeated again the relationship between our system and the Scandinavian, and there's an interesting quote here on Page 1369. He says, "The fact that an ombudsman works in the Scandinavian countries is no guarantee at all that he's going to work here. You can't take a piece of a Ford tractor and put it on to a Massey-Harris and expect it to work, and that's in effect what you're trying to suggest." Well I must confess if that was my recommendation it in effect would not be too successful, but I think that the honourable member was somewhat simplifying the situation.

Then he proceeded to say on Page 1369 as he was winding up, "Mr. Speaker, this resolution does not deserve an amendment; it deserves defeat at this particular stage." So at that

(MR. MOLGAT cont'd).....point my honourable friend, who admitted that he had been accused every time that an idea came across from this side he amended it into limbo, this one wasn't even worth that performance. It just had to be thrown out bodily there and then and buried for good.

So it was with some surprise, Madam Speaker, that when the Throne Speech came this year there was that very faint little statement - very faint, I must confess, but it did appear to just throw the door slightly ajar to the possibility of a change of heart of my honourable friend the Minister of Mines and Natural Resources - because there was the little word that we were going to do something about -- civil rights was it, or something of the sort?

Well I didn't really know how we should interpret that statement at that time, and we had in any case decided that we would re-introduce our resolution. The Honourable Member from Brokenhead had reached the same conclusion and had introduced his and they appeared on the Order Paper in due course, to be ruled out of order by yourself, Madam Speaker, as being anticipatory.

So I was really looking forward to a ringing declaration from my honourable friend that, lo and behold, after having looked the whole thing over; after having realized that there is the growing body of opinion, not just in Manitoba but throughout Canada regarding the need for such an office; realizing that every year there are more and more bodies who accept this; realizing no doubt that his own national party at one of their conventions had a resolution in this regard which passed, and knowing my honourable friend I would suppose that this would be the one argument that would have the greatest weight with him. I think that this is the field of activity in which he really can be convinced most readily. But there certainly was a growing body of public opinion so I looked forward to having from my friend a statement that after all, having looked the matter over, the government had decided to proceed on this.

I was accordingly surprised and disappointed when I saw the resolution that came forward, because at first glance, Madam Speaker, it looked to me as being simply a sop to public opinion. We'll set up a committee and then that'll keep those people who are asking for this quiet. We'll look at it for a year or so and then we'll have a report, and well really it's not such a good idea in any case. I suppose my disappointment was largely because having had ruled out two resolutions as anticipating government action, I would have expected the government action would have been something along the lines of what had been recommended here in the House on three past occasions by my group and by members to my left as well, and that the government would have been prepared to move along this road.

The resolution comes nowhere near what had been proposed before. However, after reading it --(Interjection)-- My honourable friend confirms exactly what I thought, Madam Speaker, by his comments. He really doesn't intend to do anything at all. It's acceptable because it does nothing -- it's acceptable because it does nothing. Well that's pretty well in line then. I was going to say to him that after reading the resolution, after thinking the whole thing over, realizing that in Nova Scotia a study was held and that they reported against a public protector, that I was prepared to go along with the resolution - not absolutely delighted with it, but prepared to go along and go along with an open mind and see if we couldn't get some movement forward here - but after hearing him this morning in his interjection, I wonder if I should have retained the first idea that I had and simply voted against this as being a delaying action intended to do nothing. Certainly his comments this morning would scare me in that field, and I must say that on reading his speech that he made here last Wednesday, I wonder if maybe my first idea wasn't the right one, because he's certainly being dragged into this. I think he likes that phrase "being dragged --kicking and screaming is it into the 20th century?" I think that's the phrase that my honourable friends like. I've heard them use it on a number of occasions.

MR. LYON: You'll hear it again too.

MR. MOLGAT: He likes it very much. I think he's coined it. Well I wonder if I could be - I might be accused of plagiarism this morning - but I wonder if I couldn't say to my friend that he's really dragged kicking and screaming into even talking about an ombudsman, because if you read his speech, one couldn't find a greater collection of reactionary statements, hold the line, back-up attitudes, that one could expect. For example, in his very first paragraph he says -- well it's full of ifs to begin with but the biggest one is -- "if indeed need for redress exists." So he starts off by having some grave doubts about whether there's any need whatever for redress of grievances this is the opening statement. Somewhat reactionary and not indicative of a great deal of enthusiasm it seems to me.

Then he proceeds again to say that a great distinction should be made between that office

(MR. MOLGAT cont'd). . . . . as it has developed in the Nordic countries - the application of that office if it were ever to come into existence in a British Parliamentary democracy. Again "if it were." Well he at that stage seems to forget that New Zealand actually has such a public official, but he corrects that later on and admits that New Zealand has, of the sort contemplated, and it has been appointed and is presently operating.

Then he goes on and speaks to some extent about the Wyatt report in Great Britain which after all did recommend such an office - admittedly - admittedly with some reservations and some suggestions that there would have to be some changes made in the approach. But then he goes on to say that he wants to make it very clear that the resolution does not endorse the office. He says, "I think I would stress, Madam Speaker, that the resolution does not endorse the office." He says that "the committee should take a long and searching look at this whole problem"; and he concludes his remarks by saying, "I remind the members again that it does not call for the establishment of such an official at this time."

So, Madam Speaker, it looks to me from these statements, and the comments of the Minister this morning, that he is going into this because he sees that there is a growing body of public opinion in favour but that he does not seem to be going into it with an open mind, going into it convinced that there is no need for it according to him in his first paragraph and fairly well convinced that it doesn't work in a British Parliamentary system such as we have, but he's going to have the study anyway.

Madam Speaker, as I said, my first reaction was to dismiss this out of hand and say this is just more delays, but in spite of my honourable friend's statements I'm going to support the resolution -- in spite of his statements.

MR. LYON: After all that.

MR. MOLGAT: After all that I'm going to support his resolution, because I want to give my honourable friend the chance, with the committee, to discuss this openly and realistically and to see whether or not there is here the possibility of a useful office insofar as the citizens of this province are concerned. I think there is. I think that we can do here a great deal of good. I think that we should look beyond the purely provincial field; I think we should look at the municipal field as well. I don't know exactly how this can work in practice, whether or not one official which would be appointed by the government of this province could receive grievances from the municipal field too, but I think it's worth looking at because my honourable friend made quite a point that in Canada we have three levels of government - well in fact my honourable friends here have created a fourth - so we are particularly fortunate in Manitoba. However, the more we have of them, I think that the more the citizen requires some means of redress.

So I'm going to support the resolution, Madam Speaker. I'm not happy about the attitude in which my honourable friend the Minister of Mines and Natural Resources launches into it. I think that the conversion to more modern thinking and some progressive thoughts which I was prepared to describe to him earlier has unfortunately been somewhat dampened by his speech that he made on introducing the resolution and his comments this morning, but I suspect by the look on his face that they are going to be even more dampened by the comments which are going to follow. However, in spite of all that, Madam Speaker, I'm going to support the resolution in hopes that we may be able to have an open look at this thing and some forward movement on the part of my friends.

MADAM SPEAKER: Are you ready for the question?

MR. LYON: Madam Speaker, if no one else wishes to avail themselves of the opportunity to speak on this earth-shaking resolution, perhaps I should wind up the debate on it.

I was delighted to hear my honourable friend the Leader of the Opposition participate in this debate this morning. I was delighted, and may I say I was flattered, because if I wanted to be particularly endowed with the feeling of self-idolatry, I would be very proud to know that he chose as his text one of my speeches. I don't know what he could have spoken about if he hadn't had my speech to work from. In fact I must say it was one of the most intelligent speeches that he ever made in this House, particularly when he was quoting from my speech, but as usual my honourable friend chose to talk not about the principle but rather about the man, and I don't mind that at all. As a matter of fact I enjoyed the fact that my honourable friend perhaps had to re-read that speech that I had given in 1962, and I'm sure that as a result of re-reading it he will have improved his education on the whole subject of ombudsman.

The main point that he makes this morning is that the government is too hesitant about this topic which he feels his party has seized on and has patent rights on in the Province of Manitoba. He says that we're hesitant because we are advocating a study before any action is taken on this

(MR. LYON cont'd). . . . . matter. I suppose that he is not entirely unaware of what goes on in Ottawa these days. I suppose that he reads the newspapers. I suppose that he has heard of the Throne Speech that was given in Ottawa just two or three weeks ago. I suppose that he has heard that rather than have a committee of the House of Commons look into this subject, his superiors at Ottawa have disdained a committee of the House and have said, "Oh no, we don't want to be troubled with a trivial committee, we shall appoint a Royal Commission to look into the subject of ombudsman in Canada." Talk about rushing into it. The Federal Government at Ottawa -- or at least the Provincial Government of Manitoba, if it is to be blamed for not rushing in to the subject of ombudsman or to the subject of public official, or public protector which is the more acceptable term, why then I suppose - I believe that the same criticism must apply in equal measure to the Federal Government.

A MEMBER: Worse. Worse.

MR. LYON: Worse, because the need grows greater each day as we see some of the foibles of the present Federal Government, particularly in Ottawa. The people of Canada need an ombudsman, or need a public protector today more than they ever did before to protect them from some of the things that are going on in Ottawa today.

MR. DESJARDINS: Are you going into the federal field?

MR. LYON: I'm willing to admit that there wasn't the same need under the former government that there is today, but when we read about horse tracks and the race tracks and when we read about the different things that go on in parts of Ottawa and Quebec, why I think we need an ombudsman.

MR. DESJARDINS: . . . . . go to work on your map.

MR. LYON: I'll go to work on your map if you don't watch out, and I'd have a lot of territory to work on, believe me.

MR. DESJARDINS: You'd have to get up on your chair.

MR. LYON: But, Madam Speaker, it is delightful to hear my honourable friends attempt to act eloquent on the alleged failures of this government in the field of a public official or ombudsman when in effect, and may I say after we had announced what we were going to do, his own party at Ottawa chose to follow us and announce not just a committee of the House but a Royal Commission.

MR. GUTTORMSON: It's too early in the morning for you Red, you had better go back to bed.

MR. LYON: So really while we can enjoy his speech at twenty minutes to ten on a Saturday morning, I don't think that the logic of it will compel any of us to fall victim to his eloquence. Of course attacking the government's proposal - this is again a typical ploy of the opposition - attacking it from every angle, saying that it's no good, it doesn't go far enough and so on, what do they end up by saying? But of course we're going to support it. Naturally, talk is cheap but the action is what counts. Talk is cheap, but now they are going to support it.

You know my only regret is that this is being referred to the Statutory Committee on Regulations and Orders of which my honourable friend the Leader of the Opposition is not a member. I think he should come to every meeting of this committee, because I am sure it would do much to enrich his understanding of the total concept of the public official or public protector, or ombudsman as he prefers to call it. I really hope that with the undying and unyielding interest that he has displayed on this subject over the years that he will take time off from his regular duties when these committee meetings are called and be present at every one so that we may have the benefit of his encouragement, his initiative, and his advice throughout our hearings on this matter.

May I say as well that there may be a peripheral advantage that will accrue to my honourable friend, because I think something might rub off on him that will cause him to see the wisdom of not barging into things quite as rapidly as he would have us do. My honourable friend is a very glib debater. He stands up and he quotes from a speech I made in 1962 and says, "he was opposing it, he was opposing it, he was opposing it." He very conveniently overlooks what his resolution says. His resolution in the usual barge into it bull in a china shop fashion said, "Let's have it here today now", and I think in my usual moderate and reasonable way I suggested - and if I had the quote in front of me and I don't keep my speeches in front of me the way my honourable friend does -- if I had my speech in front of me I think I could point out to him where I said that this subject should not be barged into without a lot of deep study and reasonable thought.

His resolution in those days didn't say anything about deep study or reasonable thought. His resolution said in effect, this looks like a darn good headline-grabbing gimmick for the Liberal

(MR. LYON cont'd) . . . . . Party and let's jump on the bandwagon before somebody else does. That by and large is why we've knocked it down -- by and large -- and we said in the course of the debate, let's give it some reasonable thought, let's give it some reasonable thought, but let's not barge into things just because the Liberals are trying to grab themselves a headline.

This business you know of Liberals grabbing headlines has been going on for the last number of years that I have been in here - seven or eight years - and you know, Madam Speaker, they haven't got over the idea yet that a headline is no substitute for policy -- a headline is no substitute for policy -- and so we have to pat them on the head occasionally and say, "all right boys, you have your headlines but we'll be responsible for the policy", and I think you know that's just about the way the people of Manitoba want it, because somebody has to take responsibility. They know they're not getting it from the official opposition so they say to the government, the Conservative Government of Manitoba, "you look after the things that count and let those other boys look after the headlines and things will work out pretty well." And we don't mind that arrangement, let me tell you, we don't mind that arrangement. We think that's a pretty good arrangement. It's a good arrangement for the people in Manitoba, and of course so long as they have that arrangement I suppose it would be safe to say that there perhaps will be less need for an ombudsman or a public official when they have that kind of a responsible government on this side. I dare say that if the situation ever changed - if the situation ever changed and we have some of the activities from Ottawa flopping over into Winnipeg as we well might have, why then there might be a much more pressing need for a public official in Manitoba than is the case today.

Well, Madam Speaker, I'm happy that we have the reserved support of the Leader of the Opposition for this matter; we have the support as well of the New Democratic Party, at least I judge we have from the speech made by the Honourable Member for Brokenhead; and so we shall press on in our usual moderate reasonable way, and after a fair hearing and proper determination, the committee will come to some resolution. I want to tell my honourable friend that unlike him we won't go into this committee with any preconceived notions as to what the committee is going to say. We're going to look at all aspects of it, not barge into it like a bull in a china shop, look at all aspects of it and if on balance it appears that good can be wrought for the people of Manitoba, then I have no doubt as to what the recommendation of that committee will be.

So I'm happy again I say to know that we can look forward to my honourable friend supporting this committee now, and perhaps we may even be able to give some advice from this committee to that important Royal Commission that the Prime Minister of Canada has called to look into the same subject, and if we can lend them support in what we consider to be the reasonable course that they are following, perhaps we might enjoy some support from them in return.

MR. T. P. HILLHOUSE, Q.C. (Selkirk): I wonder if the Honourable Minister would permit a simple question? Do you intend to vote for this resolution?

MR. LYON: The honourable member said it would be a simple question and it was.

MR. MOLGAT: Madam Speaker, I wonder if I could ask a question of the Minister. Did I understand him correctly that he invited me to become a member of the committee? In which case I accept his invitation, and if the government will add my name to the committee I shall be very pleased to be a member.

MR. ROBLIN: Madam Speaker, I move, seconded by the Honourable Minister --(Interjection)-- Oh, pardon me. I am anxious to get on with the business.

MADAM SPEAKER: Are you ready for the question?

MR. MOLGAT: . . . . .question to the Minister. He invited me to become a member of the committee, is that correct? Will he make that motion?

MR. LYON: My honourable friend knows that he is already ex officio a member of the committee. We just want to see him there.

MR. MOLGAT: Madam Speaker, I had certain difficulties getting into other committees in the past.

MADAM SPEAKER put the question and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce - this time in the correct order - that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Department of Industry and Commerce. Resolution No. 91.

MR. EVANS: Mr. Chairman, at this stage of our session I'd like to make my contribution to the brevity of the proceedings, and in keeping with that I propose to make what remarks I have to make in pretty absolute terms without trying to prove each statement as I go along. I have a very large book of facts with me and will be delighted to supply any information that anyone wants. I believe that the House is entitled to as full an explanation as they would like to have, and it will be a pleasure for me to try to supply whatever information is called for.

The first thing I would like to do is to try to, probably inadequately, pay some tribute to my staff which serves the Province of Manitoba so well. This could be done at some length and would make quite a story, but in keeping with what I said, I have tried to distill it down to a very short statement which I wrote on a piece of paper. I say they are a wonderful staff led with inspiration by the Deputy Minister and the senior officials, and working with devotion far beyond the call of duty in improving the economic future of everyone in Manitoba, and I extend to them my admiration and warmest thanks.

I would like to make some comment concerning the general business condition and the outlook at the present time. We've had a satisfactory year in Manitoba and the situation with respect to manufacturing is encouraging. Last year, manufacturing production reached \$974 million which was a new record. It disappointed me slightly because I had indicated the hope at least that we might reach the billion dollar figure last year. It didn't come about and it's accounted for by the fact that operations at Thompson for the International Nickel Company were discontinued for a short time otherwise we would have reached that figure. Nevertheless, 974 million is a big figure and I think represents satisfactory progress. Progress was made mostly in the clothing, furniture, machinery and electric products sectors of the manufacturing industry.

I think in general we can say that we are fully up to the Canadian average. I am not in the position of saying that everything is superbly good in Manitoba, because it's some time now since I was the first to point out that we had serious problems and that major efforts would have to be made to overcome those problems, and it's early in the proceeding of overcoming them. The Committee on Manitoba's Economic Future posed a period of 12 or 13 years in which some of these handicaps should be overcome. We've accomplished two of those 12 or 13 years, but in those years I think we have made some progress and we are up to the Canadian average fully in gain in factory shipments from our manufacturing concerns. From 1958 to 1963 the Canadian average went up about 35 percent and the Manitoba average went up over 38 percent, so we're up to the Canadian average.

In 1964 we had some substantial expansion of our manufacturing plants. There were 41 new factories established in Manitoba with a capital investment of \$3,367,000 and 524 employees. Of those, incidentally, I think the department had, if not a determining part to play, at least a substantial part to play in 26 cases. But it surprised me, and perhaps it might interest the House to know that a very large part of our industrial expansion has come about by the increase in size and production of the existing plants, the ones that are in Manitoba already, because expansion took place in 295 cases and the investment was over \$30 million, so you can see that something of the order of ten times the amount of capital investment that was placed in new industries has been placed in the expansion of old ones. That was divided roughly into \$16 million for buildings and about \$14 million for plant and equipment.

These figures don't take account of some very large expansions which in fact took place in the year 1964 but which were started in 1963, and I refer to such items as the Inland Cement Company with an investment of \$8 million, the Burns new plant at \$4 million, the Manitoba Pool Brandon plant at \$2 1/2 million, and some others.

The total employment in manufacturing reached 46,700 during 1964 which was an increase of 2,000. The COMEF report set us a target of something like 1,760 new jobs in factories per year, and the fact that we have reached or exceeded that figure by achieving 2,000 new jobs in industry, I think is encouraging, at least it's encouraging to me. But I'd like when talking about direct employment in factories to remind the committee that for each direct job there are other jobs also created outside. It's simple to understand. The figure that we're using is approximately one and a quarter additional jobs for every job in a factory, which seems surprising on the face of it, but one must realize that there are employees on railways that bring the raw materials and take the finished products away; there are truck drivers who perform their function; then there are the things that the employees of the factories buy. They probably own cars

(MR. EVANS cont'd). . . . . in substantial numbers and they must go to a filling station and have it all filled up, and somebody at the filling station has a job and the people that make the oil and gas, and so it goes on down the line with all the household supplies and the retail purchasing of each of the direct employers. So if you apply those factors to the figure 2,000, it looks as though some 4,300 people are working today that were not working a year ago today because of the industrial expansion in the province.

Exports have become a very important matter in Manitoba and I think we are doing rather more exports than I had expected to find when I first started to look at this question. About a half of the manufactures in the province are sold outside the province and about 12 percent are sold outside the country, and when you add those figures or those proportions to the amount of raw materials that are sold outside the province, one realizes the extent to which Manitoba is dependent upon export markets. Some 830 firms represented in Manitoba now sell outside the province and some 220 firms sell outside Canada. These are substantial numbers, and it gives me confidence to know that these numbers of business people are now engaged in the trade and who know it.

I mentioned briefly that the tourist business had reached a new record. Some \$45 million - \$45 3/4 million came to the province - an increase of \$2 1/2 million. There was invested in accommodations some \$4 1/2 million and visitors to the province rose to 1,510,000 people, an increase of 52,800. These figures are hard for me to grasp at least unless they're compared with something, and I observe that our number of visitors went up by 3.6 percent compared with the Canadian average which almost stood still. The Canadian average rose by just a third of one percent whereas ours went up 3.6 percent. I'm not attempting to boast about that but just simply to relate it to the fact that I think Manitoba is in fact keeping pace with Canada in this field as well.

The Manitoba Development Fund reached a total loan value of \$20 million and two-thirds of it continues to be invested outside of Greater Winnipeg. There have been no losses. The arrears of payments are in the amount of \$6,700 on that \$20 million, which I believe is the equivalent of 8/100 of 1 percent if that figure is correct. So those are what might be termed telegraphic remarks about the main factors of the economy with particular reference to the manufacturing industry.

Prospects for 1965 are good. Capital investment will maintain the level of 1964 or will exceed it. The figures have been made public and I don't need to deal with those in detail. I think it's known and doesn't need to be discussed in detail that the markets with which we are dealing both outside of Manitoba in the rest of the country and in the United States and foreign markets are prosperous. There is buying power in the markets to which we are selling and to which we are going to continue to press our sales, and this is a favorable factor and we take encouragement from that.

Now I would like to turn to a different aspect of this matter altogether and that is to speak about the tasks that we have before us as a province, and particularly with respect to the part of it that has been assigned to my department for development. I think there is no blinking the facts that these tasks are formidable because in whatever progress we make we find that all our competitive provinces are competitive suppliers, and the other countries which are competitive with Canada are making the same progress. The advance of science is as such these days that it's almost impossible to keep track of what's going on, let alone to launch and maintain comparative drives of our own.

It's not too much to say, in my opinion, that in the next 10 years we'll probably have to do about as much in the province as has been done in the last 30 years, and I'm not trying to make any comparisons between administrations. I simply say that the economy is faced with that kind of a task. It's a formidable one. COMEF said it was formidable. In fact if you will allow me to repeat it again, Mr. Chairman, I said first it was formidable. I said in this House some considerable time ago that we would likely by 1970 be faced with a shortage of 40,000 jobs - and quite frankly that rather staggered me at that time - we would be faced with a shortage of 40,000 jobs by 1970.

We thought that was so serious that we put into being the Committee on Manitoba's Economic Future, and the first thing they did was to not only confirm the figure but enlarge it and they faced us with the task whose dimensions is 75 by 75. They said by the year 1975 we would have to make an additional 75,000 jobs in Manitoba beyond those which would occur if the present trends of employment and the present trends of employable people continued in the province to that year.

(MR. EVANS cont'd). . . . .

And so they turned attention particularly to the manufacturing part of the economy. They drew attention to the fact that if the trends seemed to be confirmed, that further people would withdraw from the farming industry; the trend would be continued that further jobs would be lost by automation; and taking these into account, and the growth of the work force by reason of the post-war crop of young people coming along, would face us then with jobs which could be found, if not altogether, at least mainly only in the manufacturing sector. So they called for a number of things to be done, each of which is a very large field of endeavour.

I'm only going to mention them as a list here for if I stopped to try to consider each of them as we went along, it would be a very large subject and I'm sure I don't need to do that with the committee who are aware of many of these problems, and certainly individuals on the other side of the House know them very well from the labour point of view, from the manufacturers and investors point of view and from others. But I mention them and I think it may well appear that these are large fields which require the most careful thought and I should think considerable effort and considerable expenditure before we make sufficient progress in them to achieve the target set for us by COMEF.

Well they said we must increase productivity. That means we've got to turn out more goods for every dollar that's spent in capital, labour and other expenses and management. They said that we had to find greater markets, that our efficiency and productivity cannot be brought up to compete with other and larger countries on the basis of a local market only, and that the clue to the mystery is greater markets and particularly export markets; and they called for greater salesmanship and for co-operative efforts between groups of manufacturers in discovering and exploiting additional markets particularly in the export field.

There must be more skilled workers, not only more workers with skill but more of the present workers with more skill. There must be better management. Now this is the Committee on Manitoba's Economic Future saying this. This isn't the Government of Manitoba criticizing anybody; this is the Committee on Manitoba's Economic Future which was compared almost altogether of management and labour together, and a very strong representation of agriculture, who said of themselves that better management is required if we are to achieve our goals. And so there must be two things provided. One is training in that field and the second is the services of qualified consultants who are not present in Manitoba in the numbers and with the degree of skill required, and so they must be brought in from the outside.

There has to be a modernization of factories because many of ours are out of date. There has to be new products with the design and quality which are able to enter markets competitively with other manufacturers of great skill, other manufacturers who have great production . . . . and who are able to command the kinds of services that I have been mentioning. Well I said those are great complex matters, each one of which challenges the utmost effort, and we're trying to apply whatever effort we can to them.

Some have said, and we agree and I submit we've acted on it, that proper progress in these fields will demand co-operation of labour, management, agriculture and government, and without going into the detail there, I make the statement that this government has subscribed to that principle and made considerable steps in that direction and want to make as rapid and as long strides as possible to achieve that kind of co-operation.

I'm sure something is growing in Manitoba which is not mentioned in the list, but which in my view will be the turning point, and that is there is growing in Manitoba a belief now that it can be done. I sense a very considerable difference in the sense of self-confidence that is to be found among our business people. It was not uncommon some short time ago to find a pretty general opinion that we were too isolated, that the freight rates were too high, that tariff matters were too difficult, that after all we didn't have the skills, we didn't have the long production runs, and that little indeed could be done to reach further markets.

Now they're beginning to believe that we can. Now Manitoba is beginning to believe in itself. They're beginning to understand that a country like Switzerland didn't have all these advantages when they began and they have become world leaders in certain fields. A country like Denmark, I'm given to understand, has no raw materials of any extent. I don't refer to such things as cattle or their farming industry has certainly developed, but as to industrial raw materials, I think they have very little, but they are famous throughout the world for a number of things including furniture and cutlery, and a diesel motor to which they acquired the rights in the early days in which they have developed and expanded in a very creditable way indeed.

(MR. EVANS cont'd).....

In my view the sense of ability to win has made very substantial advances in Manitoba. It is justified, and I recall a book that I was called upon to read at the University which was entitled "Faith Justified By Progress", and I think Manitoba's faith in itself is justified by progress. I have complete faith that this can be done and I think I know some facts to back it up, and believing it can be done, I'm going to see what I can do to help it.

Well then, what is the department's responsibility? What do we think we can do? Let me say that if my remarks when dealing with the operations of the department tend to leave any impression that I think the department does it or that the government does it, or that any public body does in fact accomplish these things, I want to say that that's only because I must have a rather specialized view of the material that I'm dealing with today. I don't think that's true. I think business expansion is made by business men and business men make their expansion by following the course of co-operation with labour, by fair treatment of their customers, by fair treatment of their investors.

It's the business man who takes the risk. It's the business man who lies awake at night wondering where is the payroll coming from and how am I going to make my month-end payments and meet my bills and have I embarked on a disaster course here. He worries about it and he stays awake at night. I don't intend this to mean business versus labour or business versus agriculture. I think all of these people who take the risks and devote their lives to a course and bet on a certain course of action, they are the people who do it and it is to their credit I think that the team spirit is rising to a point where these goals are now in sight.

I'm quite sure my honourable friend from Assiniboia will recognize the value of team spirit in getting something done. We've seen my honourable friend's team when they were knocked about, and on paper they really didn't have much right to win it, but they took off and did. They didn't know -- it's like the bumble-bee who doesn't know that his wings aren't big enough to fly, he just goes ahead and flies just the same. Well if the Blue Bombers can do it, so can we in the manufacturing industry in Manitoba.

Departmental programs then and responsibilities are perhaps of two kinds. We must be in aid of small business because something in excess of 80 percent of our business is small business, and we're in the business of making small ones into big ones or helping small business to grow into big ones.

There are some services absolutely essential in modern industrial development which small business cannot provide for itself, simply because they haven't the specialized personnel of their own; sometimes because they haven't the financial means; sometimes because they haven't the know-how; and some consultants and advisors must be made available to small business who would not come to their assistance in the ordinary way and would not be available. Many of them are not available in Western Canada, many more indeed are not available in Manitoba, and they must be brought to help.

The second field of operations of my department then is to attract new major industries, and from time to time we do have a major industry which can be called a breakthrough or a new big development, and I think we can properly say that such a development as the fertilizer industry recently of \$30 million dollars, 450 jobs, a new class of trade, able to attract to it other tertiary or satellite industries to make other things, is in fact a breakthrough.

We have a dozen or more of those. We have them in the forest industry; we're constantly expecting, and indeed our faith has been justified by brokers in these cases too by the development of mines. I well remember the day when the central Manitoba mining fields seemed to be petering out and no one had faith in the mining industry of Manitoba. Well the bumble-bee went ahead and flew just the same and we're pretty important in the mining field now.

So within the proper sphere of government and within the limitation there that I imposed on what I think the government's function is, I'm going to state as bluntly as I can what I think are the detailed responsibilities of my department.

We have to hope to improve management techniques and to that end we propose this year to offer grants toward the cost of accomplishing that under certain suitable safeguards which will include such operations as a joint request between management and labour for the provision of help in this field. We already have one of those, and a thoroughly good example is under way. This isn't a dream; this isn't a pie in the sky; this is going on.

The second is that if groups of industry, an industry-wide group should come to us, we can help to undertake grants toward the acquisition of improved management techniques. We will help to improve supervisory skills, such people as foremen and supervisors, and financial

(MR. EVANS cont'd).....assistance will be available to make this possible to the upper limit of one-half of the tuition fees in cases where this appears suitable and under proper safeguards.

We will continue to hope to improve worker skills. I point to the in-plant training scheme which is a success and which will be continued in the present industry, and expansions will be undertaken this coming year. We will help to improve the design of goods, because there is no use sending into the American market things which are good or poor copies of last year's design and hoping to compete with the latest material produced in that country, nor is it possible to meet the competition, not only of the United States but of other countries whose design capacity or ability to design and produce goods sometimes startles people from the North American continent.

There are those of us who have become a little bit smug about North American technique and production and assembly line methods and matters of that kind, and I think it's profitable to stop to consider what has been done for example in Japan, and let no one think that Japan has continued to merit any kind of a reputation that they were simply cheap imitators, because in a certain important field of production they never were indeed cheap imitators. In the important field of heavy machinery production and other important fields of industrial output such as those, they never were cheap imitators. Any tendency to produce consumer goods that were of less quality and less than original design has disappeared, and in the markets of the world today the Japanese are in top quality competition with anybody. The same applies to Germany; the same applies to a number of other European countries that I had the privilege of seeing a year or so ago.

So we must attract to Manitoba top-notch experts in all of the fields from the United States, Canada or elsewhere - we have brought some here from Europe - and, on a sharing basis, make these skills of design and factory organization available to our people in Manitoba, very largely because they are small, typically small - and many of them are not - but because typically a Manitoba factory is small and cannot at this stage provide these things for themselves.

We will help to continue to expand exports in a very direct way. Our plans are here in some detail and I should be glad to answer questions on them, but I think in the circumstances I'll try to confine my remarks to the briefest, that we will work with groups of industries and industry associations with the object of increasing export sales.

We can give help in very practical ways by first of all finding markets for them, discovering the terms and conditions and the kinds of goods that must be offered to those markets if there's any hope to sell. We can help to determine how the sale is to be made, through what kind of sales organization, how the advertising must be carried on, how such things as labels and instruction booklets must be prepared. We have found instances where material is being shipped to foreign countries with instruction booklets for the consumer trade in a language that the people who were going to use them couldn't understand. Those things are wrong; those things must be corrected; and those things are in fact being corrected.

We have to offer advice to a great many companies on the documentation required for export markets - a complex matter. Then we must help them to consider their collection of it so they get the money for the goods they've shipped over, because there's no use giving things away, you've got to be paid for them. We are proposing to undertake training courses for export managers and the department will organize and encourage such courses in the province.

In the matter of export we made good progress last year. I don't want to overstate it, but I think it's quite remarkable that we are in fact now conducting a vigorous export business in a number of fields that we weren't in before, and I think our firms deserve a good deal of credit for the initiative they've shown and for their persistence and follow-through.

The department has rendered assistance to 161 different firms last year in the export field. The assistance runs all the way I'm sure from a moderate amount of advice to actual conduct of exports and the shipment of samples. At the present time, negotiations are being undertaken by the Manitoba Export Corporation and/or the department on behalf of 32 firms. We have shipped on behalf of, in the past -- negotiations are under way at present for 32 firms. The number for whom we helped to conduct negotiations was probably in the neighbourhood of 161. Of those 161, 35 companies asked the department and the Manitoba Export Corporation to ship samples for them. Now we shipped 250 different sets of samples - 250 different kinds of goods - to 20 different countries. This is just mentioned to give you an idea of the extensive development that's been undertaken.

We aim to increase exports next year from Manitoba in the kinds of business that we're

(MR. EVANS cont'd).....exporting now by at least \$15 million. Well this will be -- if the Simplot Fertilizer factory comes into operation in the next year, that would accomplish that by itself, but nevertheless that target appears to be reasonable.

In research matters we now have four specific programs under way. Research is a big and complex matter. There is a research under way in the matter of the Kaolin clays, the use of poplar lumber, in the canning of whitefish mullet and other fresh water fish from Manitoba, and in the use of atomic energy in industry.

With respect to regional development, the Pembina Valley Development Corporation has been organized and is under way. This is important, I'm sure will be important for the practical results they achieve, and they must be given a little time to achieve those results. But it's a remarkable example of co-operation by thirteen different municipalities or towns and villages -- there are thirteen government units have got together for a common purpose. This is quite a show on their part. It's their part, they did it.

At the first discussions that we had, I raised the point with them, and I said, "Sometime or another in this considerable area that you have here you're going to have to pick a capital, as it were, for your little empire, and one of the towns in this area is going to have to be chosen and the others are going to have to be rejected even for the office - the development office. Similarly, when an industrial prospect appears on the horizon there is going to have to be a very considerable degree of mutual trust and goodwill between you, because one of the towns is going to be chosen and the losers are going to have to say, "well good luck to you, we'll help you all we can."

I can not pay too high a tribute to the officials of these municipalities and others who have so far conducted their discussions among themselves and with the department in such a way as to lead me to say that they will succeed in this important aspect. Certainly they chose their head office with goodwill and are co-operating, and there is nothing but a united organization here which will win. The department will encourage the development of such regional development corporations and we hope to develop at least one more this coming year. The Manitoba Development Fund has been asked to take as direct a hand as possible in negotiating for the big and major industries and to lend their knowledge and experience to the search for new industry.

I would like to say something about a policy, which must be in my view developed by the Federal Government, in the matter of regional, industrial and economic development. We have been pressing and will continue to press for a policy which will aid Manitoba because the present policy is unsatisfactory. There is need for a national development policy which will include a number of aspects. First of all, a northern development policy, a regional air system, and a designated area policy which is suitable to the west. There is no designated area under the present system in western Canada with the exception of one depressed coal mining area in Alberta.

The criteria were developed with some of the probably pressing problems of eastern Canadian manufacturing cities in mind. I haven't the details here, but if memory serves me, it was if 10 percent of the manufacturing work force were out of work, then the area could be designated and certain inducements to industry offered to go there and provide additional employment. I've no quarrel with that kind of a thing but it should be complemented by a policy suitable to aiding the economies of the other parts of the country.

I presented this point of view to Mr. Drury in Ottawa, was received with the utmost courtesy and co-operation, and I continue to press upon the Ottawa government a development of another kind of a policy which would accomplish the same thing for the west. It's roughly this. In an economy -- well let me say this, the basic difficulty in having an area designated in western Canada is that the statistics and judgment is made on the basis of the area served by the National Employment Service, and one such area is too varied and too large to be useful as a way of bolstering the economy in western Canada. I've just forgotten the extent of the one that includes Winnipeg but it certainly includes all of southeastern Manitoba and in general it can be said that these areas are not suitable.

My suggestion to Ottawa that we discussed was that where in any census division - and census divisions are more nearly equal and excellent statistics are available at least in census years about the census divisions - but in any census area where employment in industry is less than five percent of all employment, then such an area would be eligible for some kind of assistance by way of either accelerated depreciation or tax holiday or whatever other incentives are involved.

I'm afraid I've offended against what I said I was going to do, Mr. Chairman, I got into

(MR. EVANS cont'd) . . . . . detail, but I have put that forward. I have been given the assurance, which is a genuine one and which I accept, that it is being considered by the Department of Industry in Ottawa, and indeed Mr. Drury's officials and my own -- the Honourable Mr. Drury's officials and my own have been in close discussion on -- I can't say the exact scheme that I put forward -- but certainly on the point of view, and it's recognized that public aid should be made available in a way that it can be used in the areas that require assistance.

Our department has to do with transportation. I suppose it's so obvious as to hardly be worth saying that if we're going to export, transportation and transportation costs are pretty important and low freight rates are indeed vital in Manitoba in view of the fact that 50 percent of our manufactured production, let alone such a big proportion of our basic raw material production, is in fact exported out of the province and out of the country. We are going to continue to campaign with respect to Bill C-120 which had its first readings in September, 1964, in the Parliament of Canada and which implements the recommendations of the MacPherson Royal Commission. Our objects in continued representation with respect to this bill is to remove unfairness to the west; to ensure the right to be heard by a shipper who is or believes himself to be discriminated against; and the third and major objective is to cushion and control branch line abandonments according to the principles that we enunciated in our briefs to the commission.

A major object of the department will be to strengthen the regional air centre in Manitoba which is not only just a convenience, we regard it as a vital element in the future development of this whole economy here. We think this is a turning point in our future in whether we will be well off here or whether we will be dragging behind other people. This is an important influence and we are making it, and continue to make it, a very important object of policy. We want modern non-stop service which will connect us with the other trading centres in North America.

As a first step it must be certainly with Minneapolis and then with adequate connections with Chicago. We're getting more and more of our business and more and more of our prospective business in the western United States, and from some of the tales told us by leading industrialists who come here to see whether they would like to develop business in this part of the country from the United States, it constitutes such a handicap that it is impeding our industrial development, because not only the people come to see whether they would like to build a factory here but they see what their salesmen would have to do to get down there and sell; what their supervisory and inspection personnel would have to go through to get from wherever their head offices are up here and have a look at their operations and go back down again. Now unless they own their own aircraft, this is so inconvenient now as to constitute the major handicap to the development of new business and to the conduct of business that exists now.

We need here an air cargo terminal. Now I'd like to pause at this point to point out that the honourable members know it, but I had to remind myself -- that an air cargo terminal isn't just where an aircraft pulls up and off-loads something and trucks take it away. It must be a joint facility for use by rail, road and air, because goods will be transported by a combination of sometimes two, sometimes three of those facilities, and unless it's possible, conveniently and economically to transfer loads from one motor transport to another there will be an impediment to trade which should not exist.

And of course, and superbly important, last and most important is the retention of the overhaul base here, and what more can one say about that until we hear the results of the Thompson Inquiry. My opinion is that the experts that came here and gave testimony, well perhaps -- I'm going to check myself, Mr. Chairman, I was going to offer a gratuitous remark there that I hadn't prepared but I think it would be wrong of me to say something -- this matter is now to an extent sub judice and I don't think I should say anything at the moment beyond what the representations have been and what our further representations will be before the Thompson report begins to be written.

In tourism -- its a big important part of our economy here -- we're going to continue to press it forward. I would just like to say that a lot of people make a living in Manitoba by caring for the visitors when they come. I quote you some figures for 1964 -- estimated -- that they spent for accommodation and meals \$18 1/3 million; in retail stores, \$10 million; for gas and oil, \$7.8 million; for other transportation, \$2.7; for entertainment and sundries, \$2.7. Big figures and a lot of people earn their living, at least in substantial part, because these tourists come here.

New facilities are being built, I think at about the same pace as the growth of visitors.

(MR. EVANS cont'd) . . . . . The Trans-Canada highway now complete and in first-class condition is opening new markets and the policy of the department is to maintain our advertising in the United States at about the same level. One of our problems there is that the increase in costs and depreciation of the Canadian dollar in terms of the American has imposed additional costs on us and one of our problems is to keep up the same volume of advertising that we've had before, the same space, the same impact, with much the same money. This is a difficulty that we're striving to overcome, but there will be a new campaign in eastern Canada in conjunction with the Government of Canada's campaign to attract Canadian visitors in greater volume over the Trans-Canada highway and I think that will be a continuing and expanding tendency in the next little while.

In Expo 67, I have been named as the Minister to answer for the Manitoba Government, and the Chief Administrative Officer in my department has been named as the Commissioner - General for the pavilion which will be entered in that exposition in the name of the four western provinces. Now whether my honourable friends know, and I'm sure they do, that the budget is set at \$900,000 divided roughly according to population as between the four western provinces, resulting in figures for Manitoba and Saskatchewan of \$200,000 and for Alberta and British Columbia \$250,000, and each of the four governments has accepted that share of the financial responsibility.

There will be two buildings and fifteen major displays, and spaces within the complex of two buildings -- if complex . . . . . can be complex or not -- but within the complex so-called there will be slides and/or movie projections. I think the exhibit as it is developing now will be a thoroughly self-respecting representation of the four western provinces, to stand up against some pretty substantial exhibits that are going to be put there by some pretty wealthy countries. I think it will have sufficient freshness of design and originality to represent western Canada self-respectingly; I think it will have enough life to it to attract people; and I think in general - I would hope that those of us who are here in 1967 and I hope everyone will - will be able to say, yes, we held our heads up in company with the other exhibitors. It will represent the industry resources and cultural values of western Canada.

Well that very briefly is the outline of what might be called the highlights of the program that we would propose to carry out in this next year. I think it would not be unfair to say that we are not dissatisfied -- I don't like putting things in the negative usually but I don't want to overstate it -- so I'm going to put it in the negative that we are not dissatisfied with the progress that we have made to accomplish the objectives of the COMEF report. There is some evidence that we are making our way in this regard. I think that we can be proud of our business people for the initiative and the nerve that they are showing; we can be proud of our labour people for the co-operation and generous assistance of time, and expenditure in some cases of union funds, to assist in our growth; we can be proud of our farm organizations for the contributions they are making; and I'd like to think that some of these things have been put forward by my department and that we are entitled to some credit for that as well.

Never, perhaps seldom at least or probably never, have we faced challenges more sharp than they are at the present time. We must achieve in the first place and then maintain a rate of economic growth that is higher than we have ever had before in order to maintain our standard of living in comparison with other people in this country and other people elsewhere, or expand it still further to make gains against that standard, because if there is some reasons for believing that we can achieve a greater expansion here and still not exceed the average, than we've got to do a considerable amount of work to get there.

We have been told, and I accept the fact that this can be done very largely, if not altogether, only through an expansion of a manufacturing industry producing competitively for markets at home, but increasingly abroad, and there is no one key to achieving this object. We can take any one of the major matters that I mentioned at the outset of my remarks and concentrate upon it and leave the others in abeyance, and it would be a much simpler task I assure the committee, but we must enter all of these fields simultaneously and bring them all forward in a balanced program.

I believe, I hope the committee will see some point in what I say that the program that I have outlined can stimulate the economy and help to give Manitobans more jobs. The government cannot do it alone, in fact I think I indicated I don't believe the government does it. The government is a . . . . . The government will get those together and help to co-ordinate efforts of the people who in fact do the doing. If we do this, I'm satisfied that we can make real progress; I'm satisfied that we can keep up to the COMEF targets. The task, I've said before and I say

(MR. EVANS cont'd).....again, is formidable. It will require every one of us and certainly those of us in public responsibility to do our very best. I pledge the efforts of my department in that regard. The challenge is great, but if we succeed the rewards will be great also, and I believe it can be done.

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MR. MORRIS GRAY (Inkster): Mr. Chairman, at the outset I wish to announce that I'm not speaking for my leader because his ability cannot be equalled here by anyone. My regret was when the able Minister of the most important department rose to speak, I counted thirty-five empty chairs. I would very much be interested to know whether those absentees will read the Hansard next day.

The report that the Minister had submitted to us today, this morning, was in my opinion a masterpiece, not only in the language which I admire everyone that speaks good English, but also in the content. He has given a description of progress and of ability. I may be hanged in the market square tomorrow giving praise to the government but in this particular case I cannot help it. I remember distinctly the exhibition which the department and the Minister have arranged in the Royal Alexandra Hotel of all the industries in Winnipeg, and being a resident of the city for a long time I did not know that there were so many industries in existence, so many producers in existence, and I think it was a real lesson, an encouragement to the economy of the City of Winnipeg for the ability of creating more employment, and the ability that we do not have to go to Italy or Paris to buy a good garment or to buy other essentials which most of the people of America go to. They could come to Winnipeg and get the best and the most modern merchandise anywhere. I say that this department -- I wouldn't say that they have already accomplished everything; no, more could be done -- but so far in my humble opinion they have done a very progressive and good job. Whether the thanks is to the Minister or the staff, if they are responsible, please give them my blessings.

The connection to this industry. You know that never in the history of mankind that people are travelling more than they did in the last three or four or five years and some countries have almost covered their entire budget by the money spent by the tourists, which probably is a good thing, but I do not know to what extent the Province of Manitoba is profiting by it, because after all I'm a member of the Legislature of this province. But particularly that I feel not satisfied with the fact that Manitobans have not seen Manitoba. First of all they would be better citizens, they would be better contributors, they would buy more bonds of Manitoba, if they know Manitoba, know what Manitoba has in industry, in natural resources, being part, if not wholly the breadbasket of the world. And I venture to say, including myself, that some of the members - I wouldn't say all - have not seen Manitoba, but the public definitely did not. Winnipeg people take the Canadian dollars and go in the thousands to Grand Forks or Fargo. They don't see anything down there, shopping. They lose eight cents on every dollar. But it's outside and I doubt whether these people have seen Manitoba and instead of going to Fargo for the weekend, they could go to many summer resorts or to many places of interest in this province. I don't think that too much effort -- if it is I apologize -- too much effort has been paid by the department to not push the people to Italy or Denmark or any other place but get them to know Manitoba and they probably would like it more.

There is a selfish tendency of some of the people in this province and in Canada that it is a pleasure of them to cross the border anywhere and then boost the fact that they were outside of Canada, when Canada could give them as much entertainment and as much pleasure than any other country, because I happened to visit many countries and I know it and I speak partly from experience.

Now this is the only suggestions I could make now because the Honourable Minister has covered very very ably, diplomatically, sincerely, all the points and all the benefits that Manitoba can get through this department. So my last word is, I wish you good luck; don't stop where you are; carry on, carry on, and then we will have a more progressive, industrially, probably financially, province in Canada.

MR. MARK G. SMERCHANSKI (Burrows): Mr. Chairman, I rise to add a few remarks to the Department of Industry and Commerce. I think the Minister has made a proper presentation and I want to congratulate him and in turn I, from personal contact know that he has a good working staff. However, I cannot agree with the proposals that he has made in reference to some of the plans surrounding the industrial growth and business in the Province of Manitoba.

Mr. Chairman, the fact of the matter is that we are not sharing with the average Canadian growth in industry and in business. I know that at times it is difficult for a government to undertake the development of new business and I think that a lot should be paid in the form of the task that really confronts the Department of Industry and Commerce. And I think that that task or responsibility is primarily to do with being able to create the proper background so that the initiative of industry, the initiative of businessmen in the Province can come into Manitoba, bring new industry into Manitoba, and thereby create all the other ramifications that develop

(MR. SMERCHANSKI cont'd) . . . from it. That is the bigger consumers, purchasing power, creating the wealth of the province, giving labour work and of course all the auxiliary services that go along with it.

But financial incentives are not completely the only criteria that business must have in order to locate in Manitoba. And at the same time one of the big problems facing the development of new industry in Manitoba is the proper analyses that have to be made; and when these proper analyses have been made, Mr. Chairman, they have to be made by so-called dreamers, because you have to have some type of an idea or a dream that you can do something in the way of establishing a business enterprise. But then beyond that you must have the ability to put that dream into reality; you must have then the ability and tenacity to stick with it and make that business thrive and be a success. And just in those few statements, Mr. Chairman, this is one of the hardest and toughest approaches that the location of business or industry in Manitoba has to face.

I do not think that businessmen in this province need to be spoon fed but I do think that we have to have at the same time a proper distinction between the chaff and the grain. There are many people in this province who would like to start where some have finished in their enterprise. In other words, Mr. Chairman, business development is not an easy project and I would like to point out to the government of the day that the only successful enterprise is one that has been able to establish itself. There are many people coming to the government for assistance in industrial growth and business establishment and they are not prepared to put in the apprenticeship nor the time and effort that's necessary to build up a proper base upon which to build a good and sound business. And, Mr. Chairman, this is something that is not very complimentary to the present Manitoba Development Fund. There have been certain enterprises that have been fostered, encouraged, and these enterprises have not been a success, they have gone bankrupt. Now it is in this direction that more government attention has to be paid, because when one enterprise goes bankrupt, everybody talks about it; but you can have ten successes and nobody will say a thing about it. So that it is all important to guard against encouraging business, doing certain things for business in order to establish an industry and then permitting it to go bankrupt.

The other thing I'd like to point out, Mr. Chairman, is that there is still a lack of proper co-operation between the various departments of this government. Take for instance the matter of vocational training or apprenticeship training or in-plant training -- and you have it in the Department of Industry and Commerce which we're talking about today; you have it in the Department of Labour; you have part of it in the Department of Mines and Natural Resources and then you have a part of it in the Department of Education. Mr. Chairman, if there's one thing that the present government should be criticized and possibly condemned on and that is it's inability to have inter-departmental co-operation in the establishment of new industry. We have mentioned this for the last three years, there is a slight improvement, but it is far from being anywhere near satisfactory. And how can you expect to develop industry when one of the most basic and fundamental principles that's involved in the establishing of business is not functioning properly.

You have the matter of inspection of sewage, of water, of power, feasibility studies and a host of other things that have to be all brought together into focus and a proper decision made upon which you can make a decision to either establish a business or to call the whole project off. Because, Mr. Chairman, I think that in the development of new business enterprises in this province we have a good strong pioneering spirit among our businessmen; but by the same token, Mr. Chairman, I have had the impression, and a good percentage of them have, that there is a certain segment of this aggressive approach to business that this government is selling them short. And I would recommend to the Honourable Minister of Industry and Commerce that I think he is the man that can do more in this field and I beg of him please don't sell our pioneers short because they're the ones that'll make Manitoba grow.

We have, Mr. Chairman, the matter of the co-ordination of all the services when establishing an industry. You have the matter of power, as to how much is available, how much you'll need and the kind of power you will need. You have the matter of sewage. Is this sewage that can be spilled over into the ditches, or does it have to be treated; is it objectionable. You have the matter of water. You have the matter of drainage. Then you have the matter of access roads, and in -- while doing all this, Mr. Chairman, you have to deal with the Department of Agriculture, with the Power Company, Hydro Electric Board; you have to deal with the Department of Labour, then you have to deal with the Department of Education if you want some technically trained people. And Mr. Chairman, I cannot stress this too strongly: We are disorganized in this very prime function that we should be performing for industry. We have the Metropolitan government which has it's own inspectors and agencies; then you have the local municipal

(MR. SMERCHANSKI cont'd) . . . inspectors and local agencies. You also have as I repeated again, the Department of Labour, the Department of Health, the Department of Agriculture and Water Conservation and it takes you weeks and months to get the proper reply from these people to try and co-ordinate this thing so that you're not proceeding with some phase of your business development that is contrary to the existing regulations.

Mr. Chairman, I would like to briefly analyze the basis of planting a seed for the creation of a business. It doesn't necessarily have to be a new business or one that's existing, but the idea is there. And then through proper backing up of research, personal experience or otherwise, possibly from reading, that you commence on developing a business in the Province of Manitoba. I would like to in addition to what I have said about the government facilities mention to you ten other points, Mr. Chairman, that face the prospective businessman that will locate or develop in Manitoba. In the first instance he has to go into the matter of design, design of his plant; then he will have to go into the matter of engineering. Then number three, he'll have to consider the financing of his enterprise; and then he has to also consider the availability of labour, the cost of labour. He has to also investigate his market. Is he going into a market that is in existence and has to fight his way into this market by competition or is it a new industry he's developing and has to fight for and creating new markets.

Mr. Chairman, there is today in a large percentage of our communities a resentment against the establishing of new industries. There are certain people in our community today who still do not understand the function or the necessity of factories and business establishments in their community. And I think that here again, Mr. Chairman, the Department of Industry and Commerce can perform the necessary responsibility, whether it be in the form of a booklet or whether it would be in a form of proper advertising, that there are industries that can complement and assist the community to grow and be a better community.

Mr. Chairman, the matter of tax. We on the one hand have a reduction of taxes in the United States. We have a matter of reduction in taxes in the Province of Saskatchewan. And thank goodness we have a matter of some tax reductions on our Federal level. Yet, we in Manitoba who are trying to encourage industry to locate in Manitoba see fit to raise the taxes on fuel utilities and on all these other - tobacco, and all these indirect taxes. You know what this creates, Mr. Chairman? This creates a round robin of wage increases, because the cost of living goes up. Labour has to pay for these taxes, and labour is entitled to have a fair and proper livelihood. Consequently, labour will come back to management and say, now I was getting "X" dollars a month but my cost of living has gone up. Now he has a very legitimate request for an increase in salary; you cannot properly turn him down. So, Mr. Chairman, in the final analysis, who is it that gets the brunt of these increased taxes? It's the business and the industrial people in the province. By the same token, the matter of your commodities go up in cost. Whatever article you're producing, if your labour goes up and your indirect taxes go up, you have to increase the selling price of that article. Now I ask you, Mr. Chairman, is this the proper way to try and get a better foothold in the foreign exports that we for Manitoba are so anxious to accomplish? Is this going to give us a favourable opportunity to compete with our exports in other parts of Canada? I think not.

I would also like to draw the attention of the Honourable Minister that we have many sections of this province that can well be classified as designated areas. This has been done in Ontario, in the Maritimes and in Quebec, and it should have been done in Manitoba, because we are missing the boat. I know from practical experience that many new industries have been established in designated areas because there's an advantage of the three-year tax exempt feature to it -- and I can think of no other area that would be more suited as a starting point in which much money in the form of ARDA money has been spent in, and that's in the Interlake area. If there's any place that one should have a designated area should be the Interlake area.

Mr. Chairman, when the combined expenditure of ARDA in the Interlake area has been some \$600,000 to date, with some 26 individual studies and reports having been undertaken, of which only four or five have been completed, and all the others are in various stages of being completed, I say to you, Mr. Chairman, that there is something radically wrong with the ability of this government to bring these projects to a proper conclusion. It is a wonderful thing to start these projects, and as my honourable friend, the Minister of Mines and Natural Resources said, it's wonderful to get commissions and studies underway, but let us be in a position to draw the proper conclusions, come up with the proper recommendations and get into action. That word "action"; Mr. Chairman, that we hear so often from the other side of the House is something that I would very very strongly recommend to this government and underline with a very heavy

(MR. SMERCHANSKI cont'd) . . . pencil.

Mr. Chairman, it does not take a great deal of effort to be an innovator in being able to contribute to the proper economic growth of this province; but as mentioned previously, I think that we can do much in this department to encourage these people, to encourage those people that have proven themselves and that can prove themselves, because Mr. Chairman, you will get no finer, no better boosters of Manitoba industry than local people in the Province of Manitoba. To a certain limited degree you will bring industry from outside the province, but the greatest majority and the biggest percentage of growth and the economic growth in Manitoba will come from within, the people that are here. These are the people that have to be segregated, screened and given an opportunity to further the economic growth of Manitoba. And as I mentioned previously one has to be cautious, because there are many enterprising people in this province that would like to start where some have finished with all their experience and ability. They are dreamers but not dreamers in reality.

Now, Mr. Chairman, I would like to say something briefly on The Manitoba Development Fund. For the past year the percentage return has been 6.33 percent. The year before it was 8.60 percent, which means a decrease of 2.33 percent in the interest rate. This means, Mr. Chairman . . .

MR. EVANS: I wonder if my honourable friend would tell me just what he means by the term "return". If I could understand that before he goes further.

MR. SMERCHANSKI: Yes, I take the statement of income and expenses on Page 11 of the Manitoba Development Fund and simply work out the interest and investigation fees for this year, as against last year.

This would indicate to me, Mr. Chairman, that we are having a prepayment of the loans that have been made under the Fund and that this money is not being reinvested in industry and that it is being placed on short-term investment. The reason being that from my analysis it would appear that the net increase after the prepaid loans and the charge loans, appears to be only \$735,000 invested in new enterprises. Mr. Chairman, this is not a good record. This is not a good record for what purpose The Manitoba Development Fund was set up to accomplish. I think that the fund, as I've mentioned before, has got a proper function to perform. But I again say to you, Mr. Chairman, do not run it like a bank, because if you are, fold it up and let the banks do their proper type of business. The Manitoba Development Fund was established to help, encourage and finance new industries into the province. Now I know the other qualifying conditions that have been drawn up, but I recommend to you sir, that we change them. I recommend that this government change them and give The Manitoba Development Fund the proper responsibility to develop and encourage business in the Province of Manitoba for which it was originally established.

There is an unlimited and an enormous appetite for the industrial growth of Manitoba. When you look into the possibilities of organic or inorganic chemical industrial growth in this Province, Mr. Chairman, it is positively fantastic. It is in this field that the entire world's production takes something like 20 percent - almost as large as the food industry - and yet in Manitoba this is a very very small percentage. But we will not develop it, Mr. Chairman, when this government sees fit to put the bridle and hold back The Manitoba Development Fund. And a wonderful example of that, Mr. Chairman, is that for the past year the net additional investment to encourage growth of business and industry in Manitoba has been \$735,000.00. We must encourage the spending of money on plant and equipment. This is the insurance that we in Manitoba will have for the creation of additional work for those that are coming up from the teenage bracket. I would recommend to this government that The Manitoba Development Fund be studied and re-studied and given a new coat of paint and permitted to do the job that it was originally set up to do. Mr. Chairman, this is not just an idle recommendation or just a matter of a phrase, but look and see what the other provinces are doing with their funds, those that have them established, because there is a fantastic competition to attract industry into each province, and you have to give these people the ability to be manoeuvrable and be able to negotiate and trade in the same way that industry or businessmen would expect to do in his own field.

I feel, Mr. Chairman, that The Manitoba Development Fund if encouraged to perform that function of encouraging industry that it should, the indirect auxiliary flow of secondary industries will simply amaze us. As the Honourable Minister mentioned, some \$30 million of plant expansion and new building in the province has been accomplished and yet the amount of money that the government has seen fit to put into it is approximately 10 percent. I recommend to you, Mr. Chairman, and especially to this government, to this department in particular, that if there's

(MR. SMERCHANSKI cont'd) . . . ever a shining example of how it should be done, is by virtue of stating this very same simple statistic of 30 million versus 3 million.

Mr. Chairman, I feel that this government has had what one might term as "happy feet" - I think there's some kind of a song that says happy dancing feet - in the field of taxation. For some reason or other this government seems to be continually dancing this tax tune and I for one cannot appreciate this business of continually adjusting, juggling taxes in one area and in another, because they may not be very large in any one instance but when you add them all up they are. And what makes it so doubly difficult is that there seems to be no rhyme or reason in this tax jungle, as compared to the tax on these specific items in other parts of Canada. It is from this standpoint, Mr. Chairman, that we are not having the proper advantage and a proper climate in which to encourage industrial growth.

The other factor, Mr. Chairman, is this. This government is attempting to undertake too many projects at the same time. I would strongly recommend that we do one thing at a time, because if we disturb three or four conditions you have a progressive numerical possibility developing of sixteen different tries before you might hit on the right one, and this is costly. No business enterprise can undertake this type of a project because it'll go broke, it will go bankrupt. I would recommend to this government that there is much to be done in the field of encouraging the economic growth of Manitoba, but let us do it step by step. Let's not try to do the whole job today or tomorrow, but let's program it on the basis of one, two or three years. And in particular, I again bring attention to the \$600,000 of ARDA funds. Mr. Chairman, this would have been, half of this amount, \$300,000, could have established industry in that area to the tune of approximately \$3,000,000 which could in all probability give back in terms of consumers goods produced something in the vicinity of possibly \$15,000,000.00.

Mr. Chairman, the other aspect is the matter of getting the local people to invest in Manitoba. It seems that the public and the people of Manitoba are very skeptical of the industrial development and especially new projects in the Province of Manitoba. This is most evident and I have not been able to place my finger on exactly what it is that causes this type of atmosphere among the people of Manitoba. However the other night the Honourable the Provincial Secretary did make the remark that our security law although it is not as good as it should be and we need much in the way of revisions, but by the same token we have had very few violations. But Mr. Chairman, to do nothing is not contributing to progress and to the economic growth of this province. I think that we should undertake through the Department of Industry and Commerce, because I believe that this is the proper department that can spark plug and that can create an unlimited amount of goodwill and indirectly to the industrial growth of Manitoba by going on a campaign and make as many people in Manitoba as possible to become shareholders in a lot of these industrial projects. Because if an individual is a shareholder of a company he is going to have a completely different outlook on government regulations and he will have a completely different outlook on what the company is trying to establish and when he owns even if it is one share in that corporation he is going to be vitally interested in what it's doing, and this will help to create a good strong healthy public image in what the Department of Industry is trying to accomplish. This will also do away with these clauses or phrases we hear thrown at us, that the people of Manitoba are unable to participate in the resources and the development of our resources in the Province of Manitoba. That's a lot of humbug. We have unlimited resources and we can develop them. But let us call for help and let us harness the ordinary citizen or resident of Manitoba to come on out and help us with the job. Because, Mr. Chairman, statistically speaking, there is more money put into saving accounts and into the investment of bonds and debentures in the Province of Manitoba than there is into industrial shares in the Province of Manitoba. And if we as the government are going to try and encourage industry so let's make it across the board. Let's all be partners, not only labour and management, but let the people in the community be partners. And if they are going to get a fair return for their investment we have nothing to lose, nothing to lose Mr. Chairman.

Mr. Chairman, I again am going to touch briefly on the matter of power costs and development. I would like to draw to the attention of this department, because it rightfully has to deal with the matter of industrial costs, that the present cost of electrical power runs something from 4 1/2 to 7 mills per kilowatt hour. I would recommend that this department work quite strongly on our Hydro Electric Board. I know there have been much discussions with them, and I would like to see a reduction in cost of at least one cent per kilowatt hour so that the power would be available to industry something between 3 to 4 mills per kilowatt hour. Do you know why Mr. Chairman? If there is going to be any additional development of new gas resources in Alberta,

(MR. SMERCHANSKI cont'd) . . . we are fast approaching the matter of cost where it is cheaper for you to set up your own gas turbine and generate your own electricity. Mr. Chairman, where will this government, where will the hydro electric board be if we can develop on a smaller basis our own captive source of power? I recommend this to you most highly, Mr. Chairman, because the Department of Industry and Commerce should concern itself in this field. As I mentioned unfortunately there is not sufficient co-operation between the departments -- I don't mean that they don't talk to each other or they don't discuss these matters - what I'm referring to Mr. Chairman, is that there is an inability to analyze these conditions and say now we will do something and if this is what you must have, this is what we'll give you and see what we can work out in reference to this matter. This is my complaint, and this is the fault that I'm finding with the lack of co-operation between the various departments.

Mr. Chairman, the other item I would like to touch on briefly is that we saw a very large industry in the term of heavy water go into Saskatchewan. Now I know that there are many pros and cons as to the extent that government funds should be used to provide some of the basic money that's required to establish a new industry; but, Mr. Chairman, whether we in Manitoba like it or not, this is being done by some other five or six provinces in the Dominion of Canada today. This appears to be the way of life, the way of economic life in Canada, and therefore if it's going to be the way of economic life in Canada, let us recognize it to be the way of economic life in Manitoba, and let us not be caught sleeping at the switch, because the boom is going by, it's by-passing us. A lot of our people in Manitoba are leaving the province, we are not growing in terms of population in proportion to the rest of Canada; and it is in this direction, Mr. Chairman, that the Government of Manitoba can serve to bolster and make stronger that position in the economic growth of our province.

Mr. Chairman, last year and the year before we had quite a bit of discussion on atomic energy and atomic power under one of the other departments, and one of the reasons I bring it up now is that atomic power is a fact of today. It is very very rapidly, far more rapidly than we had anticipated approaching the cost of the development of hydro electric power. Now we have heard much from the other side of the House on the Nelson River Power Project. As a matter of fact, this was I believe a campaign issue. Much has been said in terms of how wonderful it's going to be. Mr. Chairman, if we're going to wait for a few more years it may not be so wonderful; it may be a complete loss to this province for many years to come. And I refer in this instance and I want to repeat the remarks I made here some ten days ago, let us now work in the direction of exporting power; let us work in the direction of having cheap enough power available in the province and let the industries that will use this power establish themselves in the province to utilize this power. And I speak in particular in terms of alloyed steels. And I'll again repeat that I was up into M . . . which is almost on the Arctic Circle in Norway and I was literally flabbergasted and inspired beyond anything else I've ever seen. Here is a tremendous Hydro Electric development power and utilizes the smelting of iron ores and all sorts of alloyed steels right on the same site, with no power line loss, no need to construct power lines, transmission lines, and we have a wonderful transportation facility up the Winnipeg River so that we may not need these long transmission lines to bring the power in from the North.

But, Mr. Chairman, this isn't the entire story. We in Manitoba are fortunate that we enjoy the largest production of nickel in the entire world, and nickel is one of the largest and biggest ingredient in specialized tool steel. Now this is something that we don't have to go outside our province for, the raw materials, the raw materials of nickel, the raw material of the hydro electric power, so we will need some additional steel or iron ore, and this I think we can have because as I understand it, there is the possibility of locating favourable iron deposits either close to the boundaries of Manitoba or possibly within the boundaries of Manitoba itself. Mr. Chairman, this is the direction we should be going in, in planning. I know that we are possibly a province of many small industries - this is wonderful, we mustn't overlook this phase of the game - but let us raise our sights, let us look a little bit beyond the horizon of today and develop something on a more substantial basis, something that will stay with Manitoba, something that we will be proud of in Manitoba and we are not going to lose very easily because of somebody else's competition.

Mr. Chairman, I will briefly mention my remarks, or rather I'll close my remarks on what I think is a bit of a creed possibly in terms of industrial development. I think that it will always be more of an art rather than a science, and it will also continue to be experimental, and never will the economists or the planners or designers or engineers be ever able to express

(MR. SMERCHANSKI cont'd) . . . . it as a simple mathematical formula. Economic development in Manitoba is a means to achieve the basic requirements of what our society wants. And it is this, Mr. Chairman - a decent standard of living. It wants to enjoy the facilities of proper health and human freedom, and a prime mover in economic development is a system of incentive - and I underline "incentive", free enterprise rather than one of discipline, because we are finding that this type of discipline in Russia and East Germany is simply not working. To attain this industrial development I think that all of us must make a sacrifice. Not a monetary sacrifice but a sacrifice in, if we have the ability, to contribute it; and if we can serve on some type of a development board that can assist industry and the economic growth, let us do that. Let us be willing to do that. Incentives, Mr. Chairman, always release many phases of human energy which can and will develop the industrial growth of our province. We must create an opportunity and favourable conditions for such creative contributions in our province. The problem can only be solved by innovation and this effort must come from within the industrial individuals of Manitoba as well as not only Metropolitan Winnipeg but rural Manitoba, and this is the only way we'll do it, if we truly desire to have and promote the economic development of our province. Much has been said by this government about human betterment, but economic development, Mr. Chairman, includes human betterment on all levels, because it means the development of human resources. It means the development of agriculture. It means the development of transportation and the adaptation of the undeveloped to the developed areas of Manitoba.

Mr. Chairman, the conclusions of decision making is not only to choose among alternatives but to choose and innovate the best projected possible results for the ultimate economic development of our province, with one thing in mind - to the greatest benefit of our people in Manitoba. Because it makes no difference who we are, we can never take it with us. It has to be left to the people that will come after us, and for this reason it is our heritage, it's our responsibility to assist in every way we can for the economic growth of our province.

MR. CHAIRMAN: 1 (a) -- passed.

MR. J. M. FROESE (Rhineland): Mr. Chairman, I would briefly like to make some general comments under the Minister's salary and I will have more to bring up later when we deal with the specific items of the estimates. I listened with great interest to the Honourable Minister in making his introductory remarks and I think he did a very able job. I took note of the various items that were brought to our attention in connection with manufacturing and so on. After all I feel that this is a very important part of industry that should be developed in this province and that can be developed not only in the metropolitan area but in the rural areas as well and probably moreso than is presently done in the metropolitan area.

We have several industries in my own area of the constituency, my own constituency and that of the Honourable the Member for Dufferin, which is right next to the one that I represent, and I feel that we are making progress. This is also the area which the Honourable the Minister mentioned as having a development association organized and that they're in the throes of attracting more industry and bringing about more industry. Just in connection with this I think what needs to be set out and probably our people in the province should be more informed on is the method of procedure in getting the research done in connection with the establishment of industries or so on. I think there are people back home who would like to go into different ventures but they don't know what is the procedure - what procedures do you follow in getting research done on certain ventures that they would like to enter upon. I think this is an important matter and maybe the Minister could enlarge on this later on.

I think the matter of the Pembalier Dam holds great possibilities for this area and I hope the Minister does everything in his power to bring this matter about and bring it to reality. I know that it's not only a matter for his department. I think it also involves the Agricultural Department of this province and no doubt we will be hearing further on this matter when we discuss the Agricultural estimates, but I think it's a joint matter between the two departments, because this will have possibilities as far as industry is concerned and that we should be able to discuss it at this time as well, because we have some canneries in the area and no doubt the canning industry definitely could be expanded when this development takes place. Also, I think there are other industries that could be brought in and I think I mentioned on a previous occasion what about the Starch Plant. I think there is room for this and certainly with the opening up of the Potash Mines and so on that there will be need for this very product and I for one would be greatly interested in this matter and I hope to follow up on it personally to some extent if possible.

(MR. FROESE cont'd) . . . .

One other item the Minister briefly touched on - this is rail abandonment. I think I would like to have a fuller statement on this and maybe the Minister can later on enlarge on the whole matter. After all, this is a very important matter to the people of Manitoba. Even the Winnipeg Chamber of Commerce in their Agricultural Section had this subject as a topic for their conference this year. They had outside speakers coming in and I think they did a very good job in explaining and in putting the whole proposition forward. Then apparently we also have Federal Legislation coming in in this respect. I don't think it's passed, if I understood the Minister correctly. I think I would like to hear a fuller explanation on just what our position is, what we are trying to do in this respect, because if we do lose these rail lines it means that our elevators will be abandoned in many places and this will mean increased costs to the farmers for hauling their grain to market. This can amount to considerable monies for certain people and over the years it will be large amounts, and this will be in addition to the general freight rates and costs that are being deducted from the prices of our grain.

Another matter I am very interested in was the matter of air routes and so on. I happen to travel to Minneapolis several times a year, or further south, and I notice that we always drop off at Grand Forks, Fargo. In most cases you have smaller planes that travel these routes and I think it would be very valuable to have direct flights and have larger planes travel this area so that it could be faster and you would have better flights. I have travelled on many flights and I don't think there is one that is as subject to bumps as the one going from here to Minneapolis. I think it's one of the worst flights that we have in this respect. At least I've never experienced as worse a flight anywhere else as the one from here to Minneapolis.

In connection with the economy as a whole of this province, I find in the statement that was made in support of the Bank of British Columbia by the Honourable R. W. Bonnar, Q. C., of the Province of British Columbia, in speaking to the Senate Banking Committee that considered the bank bills, not only of the B. C. bank, but also of a few other ones, the one where Manitoba is being, or was concerned, that he makes some comparisons as to how Manitoba fared with B. C. because there were the two applications, one from Manitoba and one from B. C., and he gave some comparisons in connection with investment income as a portion of taxable income in 1961 and also in connection with other items.

I think I should draw some of these comparisons to the attention of the members of this House. For instance on investment income, in Manitoba we had \$39,719,000 compared to British Columbia \$115,523,000; taxable income in Manitoba was \$924 million and in B. C. it was \$2 billion 95 million. The percentage relation here, it says Manitoba's is four percent compared to B. C. six. By the way these statistics were taken from the Department of National Revenue and are based on the 1963 figures. Then in connection net value of production in commodity producing industries, Manitoba in '61 had a figure of 704 million compared to B. C.'s 1 billion 898 million; and for 1960, these figures were 739 million for Manitoba and 1 billion 855 million for B. C. Here then is a change of five percent for Manitoba and only two percent for B. C., so that in this case Manitoba stood up well. These survey of production figures are also from the Dominion Bureau of Statistics for 1961.

Then we have the value of construction and the figures for 1964 in Manitoba were 423 million, and I'm giving round figures, and B. C. had 968 million. For '62 the figures were: Manitoba 361 million, British Columbia 759 million. This represents a change upwards in Manitoba of 17 percent and in B. C. 28 percent. Then in public and private investment, Manitoba in '63 688 million; in '64 693 million, a change of one percent upwards; in British Columbia in '63, 1 billion 381 million and in '64 1 billion 546 million; this is a change of 12 percent upwards, so that here is a big change upward in B. C., and we're not nearly comparing - one percent compared to 12 percent.

And there's also mention made here of the value of shares traded on Stock Exchanges, I don't know if this is of so much interest to members, but in 1961, the Winnipeg figures are here 3.7 million and Vancouver 101 million, which is very much more. But then I come to one other comparison here, and this is, Credit Unions are mentioned in this report, and this is what I wanted to draw to the attention of the Minister that I feel that Credit Unions should not be under the administration of the Agricultural Department but should come under the Department of Industry and Commerce, because we have, I think, no other greater force in our development area than credit unions today in the Province of Manitoba.

We were talking a moment ago of The Manitoba Development Fund - I'm going to refer to it later - and I would say that our credit unions in Manitoba are doing a much better job in

(MR. FROESE cont'd) . . . . this respect than any other groups mentioned in the report. And here I would like to mention the figures from Manitoba and B. C. on Credit Union Charter - the first figures that are quoted here, in 1945, Manitoba had 100, B. C. had 145. Then I go to 1959, Manitoba had 229, B. C. had 327. And go to '61, Manitoba had 256, and B. C. is listed as 327. So that they place an importance of credit unions in the development of their province and I think we should attach more importance to the credit union movement in our province in connection with development of this province and especially also in providing assistance for rural development in industry and so on.

I haven't got the figures of my own area, but we are supporting industry to the fullest extent that we possibly can. Many of the smaller industries have started through credit unions in this province. They couldn't get the moneys from the bank so they came to the credit unions and they in the initial stages had to and did provide the capital for these smaller industries. I just wonder what Manitoba would be like, especially southern Manitoba, if it wasn't for credit unions in that part of the province today. In connection with this, and I think the Honourable Minister should know, I will be referring to in the agricultural estimates, but the Director of Credit Unions has now come out in his latest report made to the annual conventions of the Credit Society and also to the Credit Union League that he is going to term "deposits" as loans as far as credit unions are concerned. Mr. Chairman, this is going to be very detrimental to the credit union movement in Manitoba because so much of our assets are deposits by credit union members and certainly we cannot treat them as loans. If we treat those as loans then all our borrowing values that credit unions have are not worth anything because you immediately have exceeded the amount that you can borrow. I think the Minister of Industry and Commerce should take a close look at what is going on in this other department in connection with credit unions so that he's aware of what the effect could be.

Coming briefly then to The Manitoba Development Fund, and I took a glance at their operations as contained in the Sixth Annual Report of '63-64, and I notice on Page 14 that they had 344 applications that were considered and the total amount involved was \$24, 281, 000.00. Then the next item in that same listing is Declined 125 applications. Mr. Chairman, this is in my opinion, very very high. This amounts to 35-36 percent and I have yet to see in any of our other organizations where you have that high a rate of declinations, applications that were declined. Then we have the figure of 219 approved, amounting to 17 million, but then there is a further 64 withdrawn. What was the reason for these withdrawals? Was it that the processing was too slow, that people couldn't take advantage of their approvals? I'm suspecting this whether this is not the case. I would like to have this matter answered by the Minister, the reason for these withdrawals because this is very important. We've found in our work through the credit union movement, when we're making loans very often to farmers and other people, and then later on they will arrange through the credit corporation or through the National Farm Board for loans, but in the meantime we carry them. This has worked out very well but I'm wondering whether (and this is because their processing of these loans is too slow as well and that these farmers need immediate funds to make their transactions) and I'm wondering whether this isn't the very case that the processing of these loans is taking so long that by the time the loan is processed and approved, that there is no longer the need for it and they've probably abandoned their plans that they had in the first instance. I certainly would like to have some explanation for this matter.

I think my time is up and I will have some further remarks later on.

MR. ROBLIN: Committee rise, Mr. Chairman.

MR. CHAIRMAN: Call in the Speaker. Madam Speaker, the Committee reports progress and asks leave for the Committee to sit again.

MR. COWAN: Madam Speaker, I move, seconded by the Honourable Member for St. Vital that the Report of the Committee be received.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce that the House do now adjourn.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Saturday afternoon.